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## Fact Sheet

### Office of the Spokesman

Washington, DC

August 6, 2007

## The United States and International Development: Partnering for Growth

*“America is pursuing a clear strategy to bring progress and prosperity to struggling nations all across the world. We're working to increase access to trade and relieve the burden of debt. We're increasing our assistance to the world's poorest countries and using this aid to encourage reform, and strengthen education, and fight the scourge of disease.” – President George W. Bush, May 31, 2007*

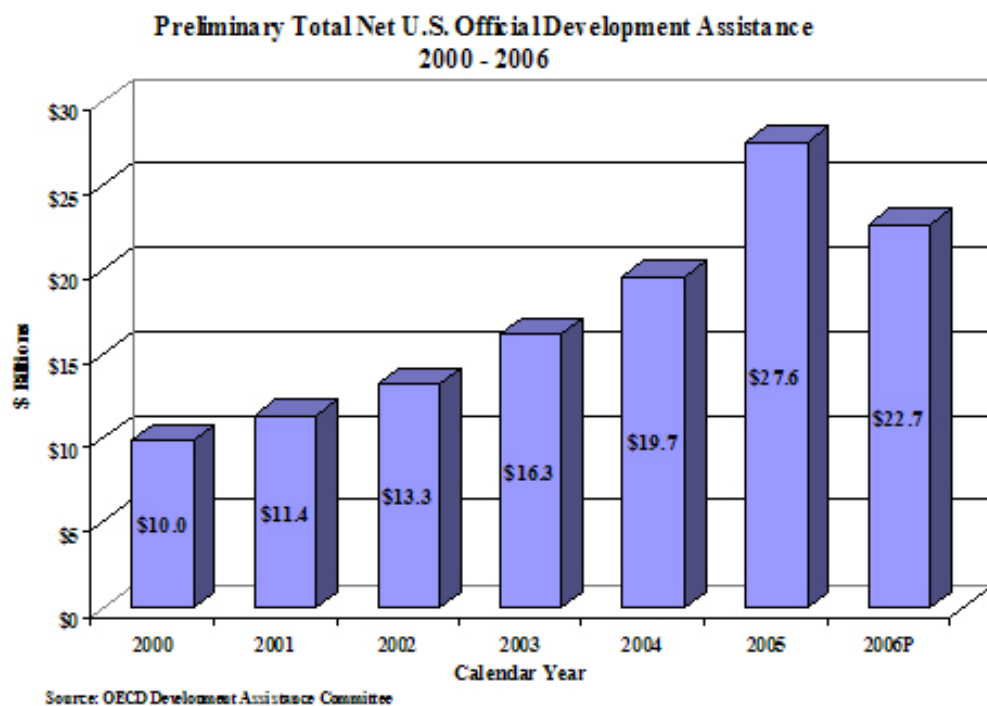
The United States is committed to helping the world's poor. Development depends on good, accountable governance, and economic policies unleashing private sector growth. At the International Conference on Financing for Development at Monterrey in 2002, the world articulated a new model for development calling on developing countries to establish sound economic and social policies, and for developed countries to support these efforts through an open trading system, private capital flows, and additional development assistance. We believe that foreign assistance best supports those nations making necessary political and economic reforms.

### The U.S. Record [1]

- Top net goods importer from developing countries with total imports of goods valued at \$611 billion in 2006, not including [China](#).
- World's largest single country donor of foreign aid. U.S. official development assistance of \$22.7 billion (estimated) in 2006 is the second highest annual level ever provided by any donor country. (The U.S. provided \$27.6 billion in 2005).
- In the last three years, the Millennium Challenge Corporation has committed nearly \$3.9 billion to 13 top performing countries, and is considering similar commitments with several others.
- \$3.3 billion in HIV/AIDS funding through the President's Emergency Plan for AIDS Relief in 2006, with a Presidential proposal to double the initial 5 year, \$15 billion commitment to \$30 billion over the next 5 years (2009-2013).
- U.S. bilateral aid to Sub-Saharan Africa increased in 2006 to a record \$5.6 billion, a \$1.4 billion (33%) increase from 2005.

- U.S. humanitarian assistance granted in 2006 estimated to be \$3.2 billion estimate.
- \$13.4 billion in private charitable non-governmental organizations' contributions to developing countries.

[1] All figures in the fact sheet represent the most current estimated data for 2006. Final and complete numbers of U.S. Official Development Assistance (ODA) for 2006 will be available in September 2007.



### **Elements of the U.S. Contribution to Development** [\[1\]](#)

#### **Official Development Assistance**

The Bush Administration has dramatically increased U.S. Official Development Assistance (ODA), at a faster rate than at any time since the Truman administration. The 2006 OECD Development Assistance Committee preliminary official development assistance estimate of \$22.7 billion is the second highest annual expenditure ever by any donor country; the highest was \$27.6 billion provided by the U.S. in 2005. The drop in U.S. foreign assistance outlays in 2006 relative to 2005 was due to a decline in amounts spent in Iraq; a large one-time expenditure for debt forgiveness was counted in the 2005 total. Iraq and Afghanistan were the largest recipients of bilateral aid in 2006 with \$4.8 billion and \$1.6 billion respectively; this assistance provided for humanitarian relief, economic development, reconstruction, and security assistance. In addition, \$3.9 billion went to the world's other least developed countries. At the Gleneagles G8 Summit in 2005, President Bush announced that the United States would double assistance to Sub-Saharan Africa from a base of \$4.4 billion in 2004 to \$8.7 billion by 2010. The United States is on track to meet that goal and, in 2006, U.S. bilateral ODA to Sub-Saharan Africa

reached a record high at \$5.6 billion, an increase of more than 33% from 2005. In March 2005, the U.S. endorsed the Paris Club Declaration on Aid Effectiveness, continuing to emphasize that existing aid levels should be used more effectively.

## Millennium Challenge Account

At President Bush's request, Congress enacted in 2004 an innovative mechanism for providing development assistance, the Millennium Challenge Account ([MCA](#)). It is built on the principle that foreign aid yields better results where sound economic policies and good governance provide an enabling environment for economic growth. The total MCA appropriated funding from Fiscal Year 2004 through Fiscal Year 2007 was \$6 billion; the President has requested an additional \$3 billion for Fiscal Year 2008. Since its inception, the Millennium Challenge Corporation (MCC), which implements the MCA, has approved agreements, called Compacts with 13 countries— [Armenia](#), [Benin](#), [Cape Verde](#), [El Salvador](#), [Georgia](#), [Ghana](#), [Honduras](#), [Lesotho](#), [Madagascar](#), [Mali](#), [Mozambique](#), [Nicaragua](#), and [Vanuatu](#) — worth nearly \$3.9 billion dollars, and is developing Compacts with several other countries. To provide further incentive for reform and help additional countries qualify for Compacts, MCC provides “threshold” assistance to countries that fall just short of Compact eligibility helping them address specific areas of policy weakness identified in the MCA selection indicators. To date, MCC has initiated threshold programs with 14 countries totaling over \$316 million.

## President's Emergency Plan for Aids Relief

President Bush's Emergency Plan for AIDS Relief ([PEPFAR](#)) continues to fight the pandemic around the world. Before the G8 Summit in June 2007, President Bush announced his intention to work with Congress to reauthorize PEPFAR. The five-year, \$30 billion proposal would double the initial \$15 billion commitment made in 2003, which is already the largest international health initiative dedicated to a specific disease. Building on prior success and in partnership with the host nations, PEPFAR has supported antiretroviral treatment for over 1.1 million people through March 2007. Additionally, in Fiscal Year 2006, PEPFAR supported prevention outreach to 61.5 million people, and cared for more than 4.5 million people living with HIV/AIDS worldwide, including over 301,000 who received treatment and care for tuberculosis and more than 2 million orphans and vulnerable children. These results demonstrate important progress towards the 5-year goals of supporting antiretroviral therapy for at least two million people, supporting prevention of seven million new infections, and supporting care for 10 million people infected with or affected by HIV. The Emergency Plan works in over 120 countries worldwide with a focus on 15 of the most afflicted countries in Africa, Asia, and the Caribbean. In Fiscal Year 2007, the Emergency Plan is committing an additional \$4.6 billion to the global fight against AIDS. If Congress supports the President's request for Fiscal Year 2008, for an additional \$30 billion planned over the next five years, the American people will have committed \$48.3 billion over 10 years to fight global HIV/AIDS.

## Other Health Initiatives

President Bush announced the President's Malaria Initiative ([PMI](#)) in June 2005. A five-year, \$1.2 billion program, PMI challenges other governments and the private sector to join the U.S. government in combating malaria, with the goal of cutting the malaria mortality rate by 50 percent in 15 countries in Africa. Through partnerships working in the first three target countries—[Angola](#), [Tanzania](#), and [Uganda](#) – PMI has already reached about six million people in Africa. In 2007, 30 million more will receive life-saving medicines, sprays, and insecticide-treated bednets as the program expands. Other target countries include: [Benin](#), [Ethiopia](#), [Ghana](#), [Kenya](#), [Liberia](#), [Madagascar](#), [Malawi](#), [Mali](#), [Mozambique](#), [Rwanda](#), [Senegal](#), and [Zambia](#). The U.S. has also been a strong supporter of tuberculosis (TB) control efforts globally. Between 2000 and 2006, the U.S. committed approximately \$500 million to building strong TB programs in countries with a high burden. In addition to the USG investments in TB through [USAID](#) which total about \$90 million, in Fiscal Year 2007, through PEPFAR, the U.S. will allocate an additional \$120 million TB/HIV programs – representing a nearly five-fold increase since 2005.

## Relief and Humanitarian Assistance

The U.S. is the largest donor country of official humanitarian aid for victims of famine, war and natural disasters. U.S. humanitarian assistance totaled more

than \$3.2 billion (estimated for 2006), aimed at helping those affected by disaster through the rapid delivery of food, water, shelter, and medicines. In addition, the U.S. provided \$2 billion in food aid during Fiscal Year 2006. This included emergency programs aimed at meeting immediate needs, as well as non-emergency food aid programs. The U.S. also provides major resources for ongoing reconstruction efforts to help nations recovering from conflict and natural disasters. Often, the U.S. military in cooperation with the U.S. Agency for International Development is mobilized to deliver life-saving aid to victims as quickly as possible, such as after 2004 Indian Ocean tsunami and the South Asian earthquake of 2005.

## **Debt Forgiveness**

At the G8 summit in 2005, the U.S. led efforts to obtain G8 approval of what is now the Multilateral Debt Relief Initiative (MDRI). The agreement called for 100 percent cancellation of heavily indebted poor countries' (HIPC) debt obligations to the World Bank, African Development Bank, and the International Monetary Fund. Eighteen African countries have already benefited from MDRI debt relief and another 15 African countries are eligible to receive similar debt cancellation once they achieve the required standards. After almost two years of implementation, this initiative has eliminated \$38.9 billion in current and future debt service for 24 countries in Africa and elsewhere. Moreover, the enhanced HIPC initiative and additional debt relief provided by the Inter-American Development Bank have cancelled an additional \$48 billion. Taken together, these international efforts have removed a debt burden of approximately \$86.5 billion in current and future debt service for these 24 countries.

## **Multilateral Contributions**

The U.S. is the world's single largest contributor to the United Nations and to the multi-lateral development banks (MDBs). In 2006, U.S. donations to multilateral organizations including the UN, World Bank, and other MDBs totaled \$2.4 billion. Of this total, \$828 million was provided to the World Bank Group and \$596 million to the United Nations. These contributions are to organizations promoting economic growth, poverty reduction, and increased living standards through development and humanitarian assistance. Our assistance leverages tens of billions of dollars from other donors.

## **Trade**

Trade is a powerful anti-poverty tool, spurring economic growth, increasing opportunity, and creating new and better paying jobs. In recognition of this fact, the U.S. has led by example in promoting trade with developing countries. The United States is the largest net importer from developing countries, with total imports of goods valued at \$611 billion in 2006, even excluding China, which is still classified by the Organization for Economic Development and Cooperation (OECD) as a developing country. This amount dwarfs the size of other financial flows to these countries. Through preference programs including the African Growth and Opportunity Act (AGOA), the Caribbean Basin Initiative, and the Generalized System of Preferences, many developing country goods receive zero-tariff access to the U.S. market. The U.S. has taken a bold position in the World Trade Organization Doha Development Agenda negotiations, with ambitious proposals that aim to ensure the realization of the development potential of the Round. The U.S. is also a leader in "trade capacity building" programs aimed at allowing developing nations to better integrate into and benefit from the global trading system, contributing \$1.4 billion in 2006 and more than \$6.1 billion in total since 2000.

## **Other Private Financial Flows**

The U.S. is the leading country in private financial flows to the developing world. Personal remittances and net private investment flows from the U.S. to the developing economies are estimated in 2005 and 2006 at \$44 billion and \$74 billion respectively. In addition, year after year, Americans are among the most generous people, per capita, in the world. During 2005, U.S. non-governmental organizations donated at least \$13.4 billion to developing countries. [\[2\]](#)

## **Public-Private Partnerships (PPPs)**

USAID's Global Development Alliance was created in 2002 to forge public-private alliances to stimulate economic growth, address health and environmental issues, and expand access to education and technology. More than 1,400 organizations, including international and local businesses, private foundations, non-governmental organizations, and governments, are alliance partners in every country USAID works. One such partnership was the South Asia Earthquake Relief Fund which raised more than \$100 million in cash and in-kind contributions for earthquake relief and reconstruction in the affected region of [Pakistan](#). USAID funded about 500 alliances, with over \$1.5 billion in government funding leveraging more than \$4.8 billion in private resources. The Overseas Private Investment Corporation, the Export-Import Bank, and the United States Trade and Development Agency also engage in public-private alliances, implementing programs ranging from increasing access to potable water to providing technology for sustainable environmental protection in the world's poor.

## Peace and Security Cooperation

Peace and stability are important preconditions for development. U.S. spending on overseas security programs increases stability and contributes to the environment needed for sustainable economic growth and poverty reduction. U.S. security assistance to improve performance of police forces and build partner capacity to contribute to international peace operations was an estimated \$4.9 billion in 2006, with an additional \$1.15 billion spent for UN peacekeeping activities from the Contributions for International Peacekeeping Activities account. The U.S. is also working to integrate considerations of conflict, instability, and state fragility in the new foreign assistance framework and to implement reforms for better collaboration among development, diplomatic, and military partners in complex humanitarian environments.

2007/668

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**[1]** Some forms of government expenditures promote development but are not counted under the OECD DAC definition as part of Official Development Assistance (e.g. some forms of military assistance). All private sector programs and international trade are not considered part of ODA.

**[2]** Figures are from USAID Global Development Alliance's (GDA) June 2007 report [Guide to the 2005 Resource Flows Analysis](#).

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